

## Message Text

CONFIDENTIAL

PAGE 01 JIDDA 05099 181003Z

13

ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 DODE-00 PA-04 USIA-15 PRS-01

PM-07 INT-08 SCEM-02 IO-14 DRC-01 SCI-06 /228 W

----- 024408

R 180909Z NOV 73

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 5471

INFO USMISSION OECD PARIS

USINT ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMCONSUL DHAHRAN

AMEMBASSY KHARTOUM

AMEMBASSY MANAMA

AMEMBASSY RABAT

AMEMBASSY SANAA

AMEMBASSY TRIPOLI

AMEMBASSY TUNIS

AMEMBASSY LONDON

AMEMBASSY ABU DHABI

C O N F I D E N T I A L JIDDA 5099

BEIRUT PASS BAGHDAD

STATE PASS CAIRO

KUWAIT PASS DOHA, MUSCAT

LONDON FOR LAMBRAKIS

EO 11652: GDS

TAGS: ENRG, SA

SUBJECT: SAUDI LIMIT ON POL GROWTH MAY STILL BE LIBERAL

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JIDDA 05099 181003Z

REF: STATE 226914 (NOTAL)

SUMMARY: AFP REPORT STATES SAG HAD DECIDED TO LIMIT PRODUCTION EVEN BEFORE THE RECENT WAR BEGAN. EMBASSY UNDERSTANDS FIGURE DISCUSSED AT THAT TIME HOWEVER STILL PROVIDED FOR TEN PERCENT INCREASE PER YEAR, ENOUGH TO REACH A LEVEL OF 18 MBD BY END OF 1980. YAMANI HAS ALSO OUTLINED CONFIDENTIALLY A SCENARIO FOR THE FUTURE WHICH WOULD CALL FOR EVEN MORE INTIMATE US/SAUDI RELATIONSHIP IF ME CONFLICT IS SETTLED AND ISRAEL-PALESTINE PROBLEM NO LONGER FOCUS OF OIL COUNTRY RELATIONS WITH THE WEST. WE SUSPECT MASSIVE FINANCIAL POWER COULD BE AS HABIT-FORMING FOR ARABS AS IT HAS BEEN FOR TEXANS. END SUMMARY.

1. REFTTEL SUMMARIZED AN AGENCE FRANCE PRESS DESPATCH QUOTING SAG OIL FIGURES (INCLUDING YAMANI) ON LEVEL OF OIL PRODUCTION IN FUTURE. SAG, IT CONCLUDES, PREFERS TO KEEP OIL IN GROUND AND PRINCE SA'UD IS QUOTED AS HAVING SAID THAT DECISION TO LIMIT PRODUCTION WAS MADE EVEN BEFORE THE RECENT WAR. INFERENCE IS THAT SAG WILL NOT RESUME PRODUCTION AT OLD LEVELS, NOR INCREASE TO ANYWHERE NEAR LEVELS NEEDED TO PREVENT PRICE AND SUPPLY CIRSES IN WORLD PETROLEUM INDUSTRY.

2. WHILE NO PUBLIC DECISION HAD BEEN REACHED BEFORE WAR BEGAN, IT WAS CLEAR THAT SAG WAS CONCERNED ABOUT LONG-TERM RESOURCE PICTURE OF SAUDI ARABIA AND AWARE THAT FINANCING OF ALL POSSIBLE DEVELOPMENT WOULD SIMPLY NOT ABSORB MONEY EXPECTED TO FLOW IN. SIMPLY TRADING INCREMENTS OF OIL, A RESOURCE OF RISING VALUE, FOR DEPRECIATING CURRENCIES WAS A NON-STARTER IN THE LONG RUN. BALANCED AGAINST THIS WAS ACKNOWLEDGEMENT BY SAG OIL FIGURES THAT THEY DID HAVE A RESOURCE SO MUCH NEEDED THAT THEY COULD NOT DENY IT TO THE WORLD MARKETS--ALTHOUGH FINAL PRODUCTION FIGURES WOULD OF COURSE REQUIRE MUCH HARD BARGAINING. USUAL DISCUSSION ON WHAT LEVELS MIGHT EVENTUALLY BE CHOSEN REVOLVED AROUND TEN PERCENT A YEAR INCREASE (COMPARED TO ALMOST 35 PERCENT THIS PAST YEAR). IF ONE WOULD PRESUME HOWEVER A NINE MILLION BD LEVEL AS ORIGINALLY PLANNED FOR END 1973, A FIGURE OF ALMOST 18 MBD COULD BE REACHED BY END OF 1980, NOT FAR BELOW ORIGINAL PROJECTED NEEDS OF 20 MBD FOR SAUDI PRODUCTION IN WORLD MARKETS.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JIDDA 05099 181003Z

3. DURING AND SINCE WAR, YAMANI HAS DISCUSSED IN PRIVATE THE FUTURE OF THE US IN THE KINGDOM IF THE ME CONFLICT IS SETTLED AND IF SAG CAN RETURN TO PRODUCING OIL FOR THE WORLD AND DEVELOPING ITS OWN INDUSTRIAL AND ECONOMIC BASES. UNDER SUCH CIRCUMSTANCES, YAMANI FORESEES THAT US-SAG RELATIONS COULD BE EVEN CLOSER THAN BEFORE, AND THAT PRODUCTION LEVELS COULD EASILY APPROACH OR EVEN EXCEED TEN PER-

CENT A YEAR.

4. IN SAG'S OPINION IT IS LARGELY UP TO US HOW FAST THE  
CONFLICT IS SETTLED AND HOW COMPATIBLE THE FINAL TERMS  
ARE WITH ARAB NEEDS. IF THE PARTIES TO THE CONFLICT--  
INCLUDING THE PALESTINIANS--TURN TO NATION BUILDING AND  
ABANDON THEIR CYCLICAL HOSTILITIES THE SAG WILL BE SUS-  
CEPTIBLE TO OFFERS TO MAINTAIN PRODUCTION INCREASES  
AT A NEGOTIATED LEVEL. WE SUSPECT MASSIVE FINANCIAL POWER  
MAY BECOME AS HABIT-FORMING FOR ARABS AS IT HAS BEEN FOR TEXANS.  
AKINS

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM PRODUCTION, ARMISTICE, PRODUCTION TRENDS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 NOV 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973JIDDA05099  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** n/a  
**From:** JIDDA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19731127/aaaaatgh.tel  
**Line Count:** 126  
**Locator:** TEXT ON-LINE  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** STATE 226914 (NOTAL)  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 DEC 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27-Dec-2001 by shawdg>; APPROVED <03-Jan-2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SAUDI LIMIT ON POL GROWTH MAY STILL BE LIBERAL CONFIDENTIAL  
**TAGS:** ENRG, SA  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005